

How to Calculate Your Financial Guarantee

1. Determine the amount and type of disturbance you are responsible for. Make sure that your notice clearly identifies previously disturbed areas that you believe you should not be responsible for. Use maps, photographs, or drawings where possible. If you used a road or occupy a disturbance built by a previous operator after 1981, then you may be responsible for that disturbance. Discuss this with the BLM if you are unsure. Do you have unreclaimed drill holes, trenches, or pits? What type of equipment would it take to plug the drill holes, fill in the trenches, pits, or highwalls, and recontour the site to blend in with the remaining topography?

2. The idea of reclamation cost estimating is to determine what it would cost the government to do the reclamation work if you were unable to fulfill your obligation.

Answer the following questions:

1. What type of equipment is needed to do the work? – backhoe, dozer, other?
2. Where could the government rent this equipment? You can actually call a company and ask for rental rates and mobilization costs.
3. How long would it take to do the work? (Rental rate per hour) X (Hours to do the work) = an equipment cost estimate. Is labor included with this cost? Is insurance and liability included in the cost or is it extra? Make sure you add in mobilization costs.
4. Was vegetation disturbed during your notice? In most cases a seeding of the disturbed area is required. In Nevada this is more to prevent undesirable weeds from establishing than the concern that nothing will grow naturally. If you do not have a recommended seed list or do not know whether or not BLM would require seeding, contact the BLM.
5. Get a cost estimate on your seed list. If you need a list of seed vendors contact the BLM. (Seed cost) X (number of acres) = cost of seed material
6. Do you need to rip or scarify the surface prior to seeding? Seed will not grow on a hard compacted surface. You need loosened soil before you seed so there will be good seed to soil contact and good water drainage to several feet. Most seed should be planted in the top ¼ inch of soil. What equipment do you need for this task? Determine mobilization costs, rental rates, operator costs, and insurance. Get a source quote or use Davis Bacon Wage rates.
7. How will the seed be planted? For small acreage, seeding may be done by hand with a whirlybird seeder and a hand rake. Larger operations may require a drill seeder, a broadcast seeder, or 4-wheeler to plant the seed. How much would it cost to hire someone to do the job? Look up a rate in Davis/Bacon Wage rates or use an average rate of \$20.00 per acre for non Davis Bacon Wage rates if your total reclamation costs are less than \$2,500. If seeding equipment is needed, get mobilization costs, equipment cost rentals, operator costs, and insurance costs.
8. An option you can use for costs under \$2,500 is to get a contractors quote for what it would cost to do the job. However, even with the quote, you will need to break down the costs to show how the figure was calculated. For example you need to show the mobilization costs, the rental costs, the labor costs, the estimated

hours to do the work, the material costs (like seed costs), the number of acres disturbed, the equipment needed to do various tasks, etc.

9. You will need to fill out a cost estimate summary sheet http://www.nv.blm.gov/ely/pdf/cost_estimate_summary.pdf and calculate the add-on costs. These are administrative costs required for all bonds.

If your cost estimate exceeds \$2,000 you will need to use Davis Bacon Wage Rates. These rates can be obtained at: <http://labor.state.nv.us/02rates/whitepin.html> or request a copy from your BLM office.

Larger and more complex mining operations should refer to the Reclamation Cost Checklist <http://www.nv.blm.gov/ely/pdf/reclamationchecklist.pdf>